

PRIME MINISTER

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EUREKA

Europe (eg through ESPRIT) and the UK (through Alvey) are already committed to spending large sums on pre-competitive research. The French have now tossed EUREKA into the bath tub more as an idea than a concrete proposal. UK officials want to nudge it in the direction of helping exploitation of research, not just research itself. But should we do more to actively grasp the opportunity EUREKA provides towards opening up Europe for the exploitation of indigenous high technology? This is what Robb Wilmot, Chairman of ICL, would like. His analysis is as below.

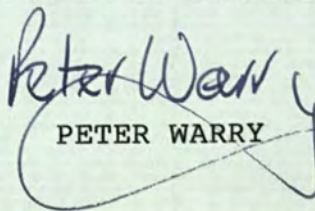
Collaboration on pre-competitive research is useful but misses the point: viability in the new technologies is linked to timeliness of new products and exploitation through a world scale operation. It is no longer adequate for ICL or GEC to try and take 20% of the UK market and hope for a few exports on top: to be effective they need at least 5% of the world market, ie roughly 20% of Europe. The difficulty is not one of a fragmented European market - the Japanese and Americans have no trouble in selling to all of the countries in Europe, it is one of divided nationalistic supply.

Pre-competitive collaboration seems only to lead to fragmented exploitation, which is further undermined by the large subsidies given to Japanese and American industry to invest in Europe. Foreign companies only come to Europe to make profits. Viewed nationally, it may make sense to bring (eg) Sony to the UK because of the jobs they create through exporting to the rest of Europe. But looked at on a European scale, if Sony is only exporting within Europe then they generate a negative European cash flow yet receive large subsidies in order to provide competition (not least for highly skilled electronics engineers) for our own industry.

Having tried it Robb Wilmot is sceptical that the individual national champion manufacturers will ever genuinely cooperate on a European wide scale. He believes the best way to start is by promoting the formation of pan European, world scale, high technology start ups. He is already involved in setting up just such a company himself. What he would like is:

1. **Legislation to permit the formation of a 'European Company' rather than individual national ones.** (He has already spent £50,000 in legal fees to try and give his new company a quasi-European structure).
2. **Equalised tax treatment for different nationalities of share-holders in such a company.**
3. **A pan European 'business expansion scheme'** to replace inward investment subsidies for foreign companies. Plus help in financing capital intensive projects.
4. **A buy-European public sector procurement policy.**
5. **More copyright protection,** particularly on software but with compulsory licensing where copyright is granted. Robin Nicholson's Eurotype warrant would be a valuable initiative in this area.
6. **More European standardisation,** to prevent the Americans tying up this market.

Like EUREKA itself, these ideas obviously need more work. But even in this form they could help steer EUREKA away from simply spending more money on research and towards the vital role of enabling research to be commercially exploited.


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